



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0152	Title:	Quality schools facility grant program
Primary Sponsor:	Hamilton, Robin	Status:	As Introduced

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:					
General Fund (01)	\$0	\$0	\$0	\$4,327,000	\$4,457,000
State Special (02) Guarantee Acct	\$0	(\$2,047,781)	(\$2,721,914)	(\$5,126,554)	(\$6,313,000)
State Special (02) School Facility & Tech Acct	\$1,000,000	\$12,602,751	\$1,397,249	\$20,582,641	\$1,417,359
Revenue:					
State Special (02) Guarantee Acct (Transfer)	\$2,047,781	\$2,721,914	\$799,554	(\$2,471,000)	(\$2,601,000)
State Special (02) Schl Facility & Tech Acct (Transfer)	(\$2,047,781)	(\$2,721,914)	(\$799,554)	\$2,471,000	\$2,345,000
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$4,327,000)</u>	<u>(\$4,457,000)</u>

Description of fiscal impact: HB 152 establishes the Quality Schools Facility Grant Program, statutorily appropriates \$1.0 million per year for grants for school technology purposes, and provides an appropriation of \$12.0 million to the Department of Commerce for school facility and technology grants and program administration costs for the purpose of enhancing the quality of life and protecting the health, safety, and welfare of Montana's public school students and for other purposes enumerated in the bill.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC):

- For the purposes of this fiscal note, the Quality Schools Facility Grant Program as proposed in HB 152 is modeled after the Treasure State Endowment Program (TSEP), administered by the DOC. TSEP provides grants for local government infrastructure projects.
- The bill provides a one-time appropriation in the 2011 biennium of \$12.0 million to the Department for the award of grants to public school district projects. Of this appropriation, \$900,000 is to be used for

matching planning grants to public school districts, \$100,000 is to be used for emergency grants to public school districts, and approximately \$400,000 per year will be used for administrative costs of the Department. More than \$10 million will be used for grants in the 2011 biennium.

3. The bill provides that the monies to fund the program shall come from the school facility and technology account established in 20-9-516, MCA.
4. The bill amends Section 20-9-516, MCA, to provide certain monies from the timber harvest on common school trust lands, the mineral royalties transferred from the guarantee account in 20-9-622, MCA, and the rental income received from power site leases as provided in 77-4-208, MCA, to be deposited into the school facility and technology account to fund the program.
5. It is assumed for purposes of this fiscal note that the legislature will appropriate \$20.0 million to DOC for this program each biennium thereafter. This would appropriate \$900,000 to be used for matching planning grants to public school districts, \$100,000 is to be used for emergency grants to public school districts, and approximately \$410,000 per year to be used for administrative costs of the Department. More than \$18 million will be used for grants in the 2011 biennium.
6. Based on the model of the TSEP currently administered by the Department, it is assumed the Department would require 4.00 FTE to address the duties and responsibilities mandated in the bill. The program would require 1.00 pay band 7 FTE as manager, 2.00 pay band 6 FTE to serve as program specialists, and 1.00 pay band 4 FTE for administrative support. The estimated cost for 4.00 FTE is \$237,078 in each year of the 2011 biennium.
7. For purposes of this fiscal note, it is assumed the Department's operating expenses would increase. Staff would be expected to rank project applications, monitor grant awards and contracts, and periodically visit project sites. Operating expenses are estimated to be \$173,411 in FY 2010 and \$159,011 in FY 2011.

Office of Public Instruction

8. This bill provides a statutory appropriation of \$1.0 million annually to the Office of Public Instruction (OPI) for distribution to schools per 20-9-534, MCA, for school technology purposes. Grants for school technology purchases are currently distributed according to 20-9-534, MCA, from revenues in 20-9-343 (4)(a)(ii), MCA. The FY 2008 revenues and projected revenues for current law technology fund entitlements in 20-9-343 (4)(a)(ii) MCA, are shown below.

FY 2008	\$895,846
FY 2009	\$1,948,830
FY 2010	\$2,047,781
FY 2011	\$2,721,914
FY 2012	\$799,554
FY 2013	\$1,856,000

9. Rental for power sites will be deposited in the school facility and technology account after December 31, 2010. These funds will not be received by the state until FY 2012. These rental amounts will inflate each year. The estimated receipts from this source are:

FY 2012	\$4,327,000
FY 2013	\$4,457,000

10. 1.17-1-508, MCA requires analysis of the statutory appropriation relative to the guidance in 17-1-508 (2), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines.

	<u>YES</u>	<u>NO</u>
a. The fund or use requires an appropriation.	X	
b. The money is not from a continuing, reliable, and estimable source.		X
c. The use of the appropriation or the expenditure occurrence is not predictable and reliable.		X
d. The authority does not exist elsewhere.	X	
e. An alternative appropriation method is not available, practical, or effective.	X	
f. Other than for emergency purposes, it does not appropriate money from the state general fund.	X	
g. The money is dedicated for a specific use.	X	
h. The legislature wishes the activity to be funded on a continual basis.	X	
i. When feasible, an expenditure cap and sunset date are included.	X	

11. This bill is not creating a new statutory appropriation, but changing the current statutory appropriation in 20-9-343, MCA, and applying a cap.

Fiscal Note Request – As Introduced
(continued)

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>					
Department of Commerce					
FTE	0.00	4.00	4.00	4.00	4.00
<u>Expenditures:</u>					
Personal Services	\$0	\$237,078	\$238,238	\$244,194	\$250,299
Operating Expenses	\$0	\$173,411	\$159,011	\$162,986	\$167,060
School Facility & Tech Grants (Biennial)	\$0	\$11,192,262	\$0	\$19,175,461	\$0
TOTAL Expenditures	\$0	\$11,602,751	\$397,249	\$19,582,641	\$417,359
<u>Funding of Expenditures:</u>					
State Special (02) School Facility & Tech Acct	\$0	\$11,602,751	\$397,249	\$19,582,641	\$417,359
Office of Public Instruction					
Navigable waters					
<u>Funding of Expenditures:</u>					
General Fund (01)	\$0	\$0	\$0	\$4,327,000	\$4,457,000
State Special (02) Guarantee Acct (Transfer)	\$0	\$0	\$0	(\$4,327,000)	(\$4,457,000)
TOTAL Expenditures	\$0	\$0	\$0	\$0	\$0
<u>Revenues:</u>					
State Special (02) Guarantee Acct (Transfer)	\$0	\$0	\$0	(\$4,327,000)	(\$4,457,000)
State Special (02) Schl Facility&Tech Acct (Transfer)	\$0	\$0	\$0	\$4,327,000	\$4,457,000
TOTAL Revenues	\$0	\$0	\$0	\$0	\$0
Timber for Technology					
<u>Expenditures:</u>					
Local Assistance-School Technology Grants	\$1,000,000	(\$1,047,781)	(\$1,721,914)	\$200,446	(\$856,000)
<u>Funding of Expenditures:</u>					
State Special (02) Guarantee Acct		(\$2,047,781)	(\$2,721,914)	(\$799,554)	(\$1,856,000)
State Special (02) School Facility & Tech Acct	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
TOTAL Expenditures	\$1,000,000	(\$1,047,781)	(\$1,721,914)	\$200,446	(\$856,000)
<u>Revenues:</u>					
State Special (02) Guarantee Acct (Transfer)	\$2,047,781	\$2,721,914	\$799,554	\$1,856,000	\$1,856,000
State Special (02) Schl Facility&Tech Acct (Transfer)	(\$2,047,781)	(\$2,721,914)	(\$799,554)	(\$1,856,000)	(\$1,856,000)
TOTAL Revenues	\$0	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	\$0	\$0	\$0	(\$4,327,000)	(\$4,457,000)
State Special (02) Guarantee Acct	\$2,047,781	\$4,769,695	\$3,521,468	\$2,655,554	\$3,712,000
State Special (02) School Facility & Tech Acct	(\$3,047,781)	(\$15,324,665)	(\$2,196,803)	(\$18,111,641)	\$1,183,641

Effect on County or Other Local Revenues or Expenditures:

1. This bill would create additional fiscal capacity for school districts for facility and technology improvements in the 2011 biennium of \$12.0 million and increasing to an ongoing biennial amount of \$20.0 million in future biennia.

Technical Notes:

1. Additional funding of approximately \$6.0 million is anticipated from the rental for power sites and will be deposited in the school facility and technology account. A date and amount has not yet been determined for the additional resources.

Sponsor's Initials

Date

Budget Director's Initials

Date